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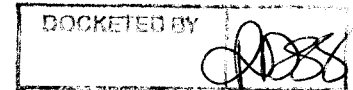
Arizona Corporation Commission

DOCKETED

JUL 15 2011

AZ CORP COMMISSION  
DOCKET CONTROL

Hugh Holub  
Attorney at Law  
P.O. Box 4773  
Tubac, Arizona 85646  
Tell (520) 841 2278  
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Email: HughHolub@msn.com  
State Bar # 003334  
Attorney for Applicant



**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION	)	DOCKET NO. W-01337A-10-0375
OF RINCON RANCH ESTATES WATER	)	
COMPANY, INC., AN ARIZONA	)	
CORPORATION, FOR EXTINGUISHMENT	)	DOCUMENTATION OF
OF ITS CERTIFICATE OF CONVENIENCE	)	TRANSFER OF OWNERSHIP
AND NECESSITY TO PROVIDE WATER	)	
SERVICE, AND APPROVAL OF TRANSFER	)	
OF CERTAIN WATER ASSETS TO THE CITY	)	
OF TUCSON.	)	

COMES NOW RINCON RANCH ESTATES WATER COMPANY, INC., an Arizona corporation (hereinafter "RINCON"), by and through its undersigned counsel Hugh Holub and submits Exhibit "A" in compliance with the Decision and Order in this matter, this exhibit consisting of all closing documentation transferring ownership of Rincon Ranch Estates' water system and assets to the City of Tucson.

RESPECTFULLY SUBMITTED this 13th day of July, 2011.

RINCON RANCH ESTATES WATER COMPANY, INC.  
an Arizona corporation

By  
Hugh Holub  
Attorney at Law  
P.O. Box 4773  
Tubac, Arizona 85646  
(520) 841-2278

The original and 13 copies  
of this Application have been  
mailed by first class mail on  
this 13th day of July, 2011, to:  
Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

By        hh

## SETTLEMENT STATEMENT

Stewart Title & Trust of Tucson  
7225 N. Oracle Rd, Suite 105  
Tucson, AZ 85704

B. TYPE OF LOAN			OMB No. 2502-0205
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FMHA	3. <input type="checkbox"/> CONV. UNINS.	
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> CONV. INS.		
6. ESCROW FILE NUMBER: 10007642-036 KM		7. LOAN NUMBER:	
8. MORTGAGE INSURANCE CASE NUMBER:			

## FINAL

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(P.O.C.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: City of Tucson

ADDRESS OF BORROWER: Attn: Dorothy Weideman, 201 N Stone Ave, 6th Fl  
Tucson, AZ 85701

E. NAME OF SELLER: Rincon Ranch Estates Water Co., Inc

ADDRESS OF SELLER: Attn: Dale Calvert, 3750 S Old Spanish Trail  
Tucson, AZ 85730-5638

F. NAME OF LENDER: Rincon Ranch Estates Water Co., Inc.  
ADDRESS OF LENDER:

G. PROPERTY LOCATION: Parcel #136-11-021G & 205-62-132A,  
Tucson, AZ  
Pima

H. SETTLEMENT AGENT: Stewart Title & Trust of Tucson  
PLACE OF SETTLEMENT: 7225 N. Oracle Rd, Suite 105, Tucson, AZ 85704

I. SETTLEMENT DATE: 11/02/2010 PRORATION DATE: 11/02/2010 FUNDING DATE: 11/02/2010  
DISBURSE DATE:

## J. SUMMARY OF BORROWER'S TRANSACTION

## 100. Gross Amount Due From Borrower:

101. Contract Sales Price	300,000.00
102. Personal Property	
103. Settlement charges to Borrower (line 1400)	710.81
104.	
105.	
Adjustments For Items Paid By Seller In Advance:	
106. City/Town Taxes	
107. County Taxes 11/02/10-12/31/10	3.75
108. Assessments	
109. Taxes 11/02/10-12/31/10	698.54
110. Taxes 11/02/10-12/31/10	664.14
111.	
112.	
113.	
114.	
115.	

120. Gross Amount Due from borrower: 302,077.24

## 200. Amounts Paid by or in behalf of Borrower:

201. Deposit or earnest money	
202.	
203. Existing loan(s) taken subject to	
204. Closing Funds on Deposit	60,714.56
205. Closing Funds on Deposit	1,362.68
206.	
207.	
208.	
209. Seller Carryback	240,000.00
Adjustments For Items Unpaid By Seller:	
210. City/Town Taxes	
211. County Taxes	
212. Assessments	
213.	
214.	
215.	
216.	
217.	
218.	
219.	

220. Total Paid By/For Borrower 302,077.24

## 300. Cash at Settlement from/to Borrower:

301. Gross amount due from Borrower (line 120)	302,077.24
302. Less amount paid by/for Borrower (line 220)	302,077.24
303. Cash FROM Borrower	0.00

## K. SUMMARY OF SELLER'S TRANSACTION

## 400. Gross Amount Due To Seller:

401. Contract Sales Price	300,000.00
402. Personal Property	
403.	
404.	
405.	
Adjustments For Items Paid By Seller In Advance:	
406. City/Town Taxes	
407. County Taxes 11/02/10-12/31/10	3.75
408. Assessments	
409. Taxes 11/02/10-12/31/10	698.54
410. Taxes 11/02/10-12/31/10	664.14
411.	
412.	
413.	
414.	
415.	

420. Gross Amount Due to Seller 301,366.43

## 500. Reductions In Amount Due To Seller:

501. Excess deposit (see instructions)	
502. Settlement charges to Seller (line 1400)	9,757.88
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509. Seller Carryback	240,000.00
Adjustments For Items Unpaid By Seller:	
510. City/Town Taxes	
511. County Taxes	
512. Assessments	
513.	
514.	
515.	
516.	
517.	
518.	
519.	

520. Total Reductions In Amount Due Seller 249,757.88

## 600. Cash at Settlement to/from Seller:

601. Gross amount due to Seller (line 420)	301,366.43
602. Less reductions in amount due Seller (line 520)	249,757.88
603. Cash TO Seller:	51,608.55

**I. SETTLEMENT CHARGES:**
**700. Total Sales/Broker's Commission:**

Based on Price \$300,000.00 @ % =			
Division of Commission (line 700) follows:			
701 \$ to		Paid from Borrower's Funds at Settlement	Paid from Seller's Funds at Settlement
702 \$ to			
\$ to			
703 Commission paid at settlement			
704			
705			
706			
707			
708			

**800. Items Payable In Connection With Loan:**

801. Loan Origination Fee			
802. Loan Discount Fee			
803. Appraisal Fee			
804. Credit Report			
805. Lenders Inspection Fee			
806. Mortgage Insurance Application Fee			
807. Assumption Fee			
808.			
809.			
810.			
811.			

**900. Items Required By Lender To Be Paid In Advance:**

901. Interest			
902. Mortgage Insurance Premium			
903. Hazard Insurance Premium			
904.			
905.			

**1000. Reserves Deposited With Lender:**

1001. Hazard Insurance			
1002. Mortgage Insurance			
1003. City Property Taxes			
1004. County Property Taxes			
1005. Annual Assessments			
1006			
1007.			
1008. Aggregate Adjustment months @ \$		0.00	

**1100. Title Charges:**

1101. Settlement or closing fee to Stewart Title & Trust of Tucson	194.68	299.50
1102. Abstract or title search		
1103. Title examination		
1104. Title insurance binder		
1105. Document preparation		
1106. Notary Fees		
1107. Attorney's Fees		
(includes above item numbers: )		
1108. Title Insurance		
(included above item numbers: )		
1109. Lender's coverage \$ 240,000.00 to Stewart Title & Trust of Tucson	100.00	
1110. Owner's coverage \$ 300,000.00 to Stewart Title & Trust of Tucson	328.63	597.50
1111. Special Services Fee to Stewart Title & Trust of Tucson	62.50	62.50
1112.		
1113.		

**1200. Government Recording and Transfer Charges**

1201. Recording Fees: Deed \$ Mortgage \$ Release \$	25.00	25.00
1202. City/County tax/stamps		
1203. State tax/stamps		
1204. City Transfer Tax		
1205. County Transfer Tax		
1206.		
1207.		

**1300. Additional Settlement Charges:**

1301. Survey		
1302. Pest Inspection		
1303. 2010 Property Taxes 12611021G to Pima County Treasurer		13.16
1304. 2010 Property Taxes 20562132A to Pima County Treasurer		10.06
1305. Well Transfers to AZ Dept of Water Resources		240.00
1306. UCC Search to Capital Corporate Services		80.00
1307. 2010 Property Taxes to Pima County Treasurer		4,321.47
1308. 2010 Property Taxes to Pima County Treasurer		4,108.69
1400. Total Settlement Charges (Enter on line 103 Section J -and- line 502, Section K)	710.81	9,757.88



January 11, 2011

Rincon Ranch Estates Water Co  
Dale Calvert  
3750 S Old Spanish Trail  
Tucson, AZ 85730

Dear Dale:

Please accept our sincere warm wishes for a happy, healthy and prosperous New Year!

We enjoyed working with you on your City of Tucson transaction and we hope we can do business with you in the future.

Attached for your records is a copy of the Final Settlement Statement for your transaction. We hope you find it useful when compiling your 2010 tax documentation.

If there is anything else we can help you with, please don't hesitate to contact us.

Sincerely,

Kim Moss  
Escrow Officer

# STEWART TITLE & TRUST OF TUCSON

7225 N. Oracle Rd, Suite 105, Tucson, AZ 85704  
(520) 575-0365

## SELLERS CLOSING STATEMENT FINAL

Seller: Rincon Ranch Estates Water Co., Inc

Escrow No: 10007642-036 KM

Close Date: 11/02/2010

Proration Date: 11/02/2010

Date Prepared: 11/03/2010

Property: Parcel #136-11-021G & 205-62-132A  
Tucson, AZ

Description	Debit	Credit
Total Consideration		300,000.00
<b>NEW AND EXISTING ENCUMBRANCES:</b>		
Seller Carryback from Rincon Ranch Estates Water Co., Inc.	240,000.00	
<b>ESCROW AND TITLE CHARGES:</b>		
Escrow Fee to Stewart Title & Trust of Tucson	299.50	
Owners Policy \$300,000.00 to Stewart Title & Trust of Tucson	597.50	
Special Services Fee to Stewart Title & Trust of Tucson	62.50	
<b>RECORDING FEES:</b>		
Recording Fees to Stewart Title & Trust of Tucson	25.00	
<b>ADDITIONAL CHARGES:</b>		
2010 Property Taxes 12611021G to Pima County Treasurer	13.16	
2010 Property Taxes 20562132A to Pima County Treasurer	10.06	
Well Transfers to AZ Dept of Water Resources	240.00	
UCC Search to Capitol Corporate Services	80.00	
2010 Property Taxes to Pima County Treasurer	4,321.47	
2010 Property Taxes to Pima County Treasurer	4,108.69	
<b>PRORATIONS AND ADJUSTMENTS:</b>		
County Taxes From 11/02/10 To 12/31/10 Based on the Annual amount of \$23.22		3.75
Taxes From 11/02/10 To 12/31/10 Based on the Annual amount of \$4,321.47		698.54
Taxes From 11/02/10 To 12/31/10 Based on the Annual amount of \$4,108.69		664.14
Sub Totals	249,757.88	301,366.43
Proceeds Due Seller	51,608.55	
Totals	\$301,366.43	\$301,366.43

**NOTE SECURED BY DEED OF TRUST  
(INDIVIDUAL)**

\$ 240,000.00

Tucson, Arizona

October 26, 2010

FOR VALUE RECEIVED, the undersigned jointly and severally, promise to pay to Rincon Ranch Estates Water Co., Inc., an Arizona corporation or order, at Tucson, Arizona, the principal sum of Two Hundred Forty Thousand and no/100 DOLLARS payable as follows:

Payable in annual installments, principal only of \$60,000.00 or more, on or before the 2nd of November every year, beginning November 2, 2011 and continuing until November 2, 2015 on which day the unpaid balance shall become due and payable in full.

Principal and any interest payable in lawful money of the United States of America.

If default occurs in the payment of any installment of principal or interest under this Note when due, or in the performance of any agreements contained in the Deed of Trust securing this Note, the entire principal sum and any accrued interest shall at once become due and payable, without notice, at the option of the holder of this Note. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent default.

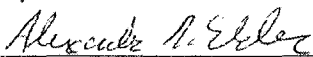
The undersigned jointly and severally agree to pay the following costs, expenses and attorney's fees paid or incurred by the holder of this Note, or adjudged by a court; (1) reasonable costs of collection, costs and expenses and attorney's fees paid or incurred in connection with the collection of this Note, whether or not suit is filed, and (2) costs of suit and such sum as the court may adjudge as attorney's fees in any action to enforce payment of this Note or any part of it.

This Note is secured by a Deed of Trust to **Stewart Title & Trust of Tucson**, as Trustee, of even date herewith, executed in favor of the named payee as beneficiary.

The undersigned jointly and severally waive presentment, notice of dishonor, notice of protest, demand and diligence.

**PAYOR**

City of Tucson



Alexander N. Elder, Deputy Director

**DO NOT DESTROY THIS NOTE**

Do Not Destroy this Original Note: When paid, this Original Note together with the Deed of Trust securing same, must be surrendered to Trustee for Cancellation and retention before reconveyance will be made.



November 3, 2010

Dale Calvert, CPA  
2970 N Swan #220

RE: Property Address: Parcel #136-11-021G & 205-62-132A, Tucson, AZ  
Loan No.:  
Escrow No.: 10007642 - 036 - KM  
Borrower: City of Tucson

In connection with the above referenced escrow, enclosed herewith please find the following papers indicated with  
a ☒

- ☒ Final Closing Statement
- ☒ Original Note, recorded DOT will be returned to you from the Recorder's Office
- ☐
- ☐
- ☐
- ☐

Please review the enclosed information. If you should have any questions, please do not hesitate to contact me.

Sincerely,  
Stewart Title & Trust of Tucson

Kim Moss  
Escrow Officer



E  
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D  
E

RECORDED BY: MRS  
DEPUTY RECORDER  
1562 EAST-2

TSTTI  
RINCON RANCH ESTATES  
3750 S OLD SPANISH TRL  
TUCSON AZ 85730



DOCKET: 13928  
PAGE: 2019  
NO. OF PAGES: 5  
SEQUENCE: 20102120663  
11/03/2010  
DOTASR 15:00  
MAIL  
AMOUNT PAID \$ 10.00

3750 S OLD SPANISH TRAIL  
TUCSON, AZ 85730-5638

ESCROW NO.: 10007642 - 036 - KM

SPACE ABOVE THIS LINE FOR RECORDER'S USE

## DEED OF TRUST AND ASSIGNMENT OF RENTS

Date: October 26, 2010

### TRUSTOR:

City of Tucson, a municipal corporation

whose mailing address is Attn: Dorothy Weideman 201 N Stone Ave, 6th Fl, Tucson, AZ 85701

### TRUSTEE:

Stewart Title & Trust of Tucson, an Arizona corporation

whose mailing address is: 3939 E. Broadway Blvd., Tucson, Arizona 85711

### BENEFICIARY:

Rincon Ranch Estates Water Co., Inc, an Arizona corporation

whose mailing address is:

Attn: Dale Calvert 3750 S Old Spanish Trail, Tucson, AZ 85730-5638

Property situated in the County of Pima, State of ARIZONA, as described as follows:

See Exhibit A attached hereto and made a part hereof.

Together with all buildings, improvements and fixtures thereon or hereinafter erected thereon.

Street address if any, or identifiable location of this property:

Parcel #136-11-021G & 205-62-132A, Tucson, AZ

**THIS DEED OF TRUST**, made on the above date by, between and among the TRUSTOR, TRUSTEE and BENEFICIARY above named.

**WITNESSETH:** That Trustor hereby irrevocably grants, conveys, transfers and assigns to the Trustee in Trust, with Power of Sale, the above described real property (the Trust Property), together with leases, issues, profits, or income therefrom (all of which are hereinafter called "property income"): **SUBJECT**, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such property income.

**SUBJECT TO:** Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

Initials: ANE

Initials: \_\_\_\_\_

**FOR THE PURPOSE OF SECURING:**

- A. Payment of the indebtedness in the principal sum of \$240,000.00 evidenced by a Promissory Note or Notes of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of Beneficiary or order.
- B. Payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a Promissory Note or Notes reciting that they are secured by a Deed of Trust.
- C. Performance of each agreement of Trustor herein contained.
- D. Should the Trustor herein sell, convey, transfer or assign all of any portion of their interest in subject property, the entire remaining principal balance of the note secured hereby, together with interest due hereon shall immediately be due and payable in full.

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:**

1. To keep said property in good condition and repair; not to remove or demolish any building, thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violations of law; and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. To provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary and Trustee, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

4. To pay, at least 10 days before delinquent, all taxes and assessments affecting said property; when due, all encumbrances, charges, and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Partial Release and Partial Reconveyance or Deed of Release and full Reconveyance, and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay his reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Deed of Trust or at the legal rate if it secures a contract or contracts other than a promissory note or notes. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or immediately due and payable at option of Beneficiary or Trustee.

**IT IS MUTUALLY AGREED:**

6. That any award of damages in connection with any condemnation or any such taking, or for injury to the property by reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and the ownership thereof subject to this Deed of Trust), and upon receipt of such moneys Beneficiary may hold the same as such further

security, or apply or release the same in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

7. That time is of the essence of this Deed of Trust, and that by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

8. That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note(s) for endorsement, and without liability therefor, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making and recording, or either, of any map or plat of the property or any part thereof; (c) join in granting any easement thereon; (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance, or charge hereof.

9. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note(s) to Trustee for cancellation, and upon payment of its fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

11. That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of election to cause to be sold said property under this Deed of Trust. Beneficiary also shall deposit with Trustee this Deed of Trust, said note(s), and all documents evidencing expenditures secured hereby.

Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law, subject to the statutory rights of reinstatement, the Trustee shall sell, in the manner required by law, said property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, Payable at time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale and reasonable attorney's fees, Trustee shall apply the proceeds of sale to payment of all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. 33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any balance due hereunder.

In the alternative to foreclosure by trustee's sale, the Beneficiary may foreclose by judicial proceedings, and in such event, the election to declare the unpaid balance immediately due and payable may be made in the complaint. In such judicial proceedings, Beneficiary shall be entitled to reasonable Attorney's fees, costs of foreclosure report, and all sums advanced with interest as provided paragraphs four (4) and five (5) herein.



## Exhibit A

### PARCEL 1:

All those portions of Lots 11 and 12 of RINCON RANCH ESTATES NO. 1, a subdivision on record in the office of the County Recorder of Pima County, Arizona, in Book 8 of Maps and Plats, at page 8 thereof, more particularly described as follows:

Commencing at the Northerly return of a 167.60 foot radius curve, at the Southwest corner of Lot 13;

Run thence, North 00°09'00" East, along the Westerly line of Lots 13 and 12, 746.82 feet to the TRUE POINT OF BEGINNING ;

Run thence, North 00°09'00" East, along the Westerly line of Lots 12 and 11, 148.21 feet;

Thence North 85°38'00" East, 475.61 feet;

Thence South 07°49'00" West, 100.00 feet;

Thence South 85°38'00" West, 75.00 feet;

Thence South 04°22'00" West, 50.00 feet;

Thence South 85°38'00" West, 391.18 feet to the TRUE POINT OF BEGINNING .

Jv arbs: 120 and 130

### PARCEL 2:

All that portion of the Northeast quarter of the Southwest quarter of Section 30, Township 14 South, Range 16 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the West quarter corner of said Section 30;

Run thence South 00°07'00" West along the West line of said Southwest quarter of Section 30, a distance of 1213.91 feet to the centerline of Pantano Trail;

Thence North 69°49'00" East, along said centerline, a distance of 500.00 feet to a point;

Thence North 55°55'30" East along said centerline, a distance of 1009.95 feet to a point;

Thence North 72°55'00" East along said centerline, a distance of 730.45 feet to the TRUE POINT OF BEGINNING ;

Run thence North 39°20'45" East along said centerline, a distance of 94.80 feet to a point;

Thence North 88°02'20" East, a distance of 53.18 feet to a point;

Thence South 13°55'00" East, a distance of 170.69 feet to a point;

Run thence South 76°05'00" West, a distance of 128.00 feet to a point;

Thence North 13°55'00" West, a distance of 125.00 feet to the TRUE POINT OF BEGINNING .

Jv arb: 166

4-10-14 05:45:00



3939 E. Broadway Blvd.  
Tucson, AZ 85711  
Phone: (520) 327-7373  
Fax: (520) 795-9646

Rincon Ranch Estates Water Co., Inc.  
Attn: Dale Calvert  
3750 S Old Spanish Trail  
Tucson, AZ ~~85611~~

Re: Order No.: 10007642  
Policy No.: AOJP-1301-158759  
Loan No.:

Dear Sir or Madam:

In connection with the completion of the transaction recently handled by us for you, we are pleased to enclose your policy of title insurance.

Our Company now has a special file set up on this property, therefore, we are in a position to render you excellent service in future transactions.

We appreciate having had the opportunity of serving you in this transaction, and hope we have handled it to your satisfaction.

Very truly yours,  
STEWART TITLE & TRUST OF TUCSON

By: John Rafferty  
John Rafferty President

## POLICY OF TITLE INSURANCE ISSUED BY



SUBJECT TO SCHEDULE B AND THE CONDITIONS AND STIPULATIONS HEREOF, STEWART TITLE GUARANTY COMPANY, a Texas corporation, herein called the Company, insures the insured, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and costs, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by said insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Unmarketability of such title; or
4. Any lack of the ordinary right of an abutting owner for access to at least one physically open street or highway if the land, in fact, abuts upon one or more such streets or highways;

and in addition, as to an insured lender only:

5. Invalidity of the lien of the insured mortgage upon said estate or interest except to the extent that such invalidity, or claim thereof, arises out of the transaction evidenced by the insured mortgage and is based upon
  - a. usury, or
  - b. any consumer credit protection or truth in lending law;
6. Priority of any lien or encumbrance over the lien of the insured mortgage, said mortgage being shown in Schedule B in the order of its priority; or
7. Invalidity of any assignment of the insured mortgage, provided such assignment is shown in Schedule B.

Signed under seal for the Company, but this Policy is to be valid only when it bears an authorized countersignature.

Countersigned by:

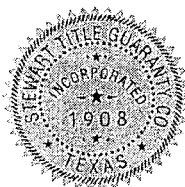
*John Rafferty*  
Authorized Signature

STEWART TITLE & TRUST

Company

City, State

**stewart**  
title guaranty company



*Stewart Jones Jr.*  
Senior Chairman of the Board

*Malcolm S. Morris*  
Chairman of the Board

*Michael Skalka*  
President

## CONDITIONS AND STIPULATIONS

### 1. Definition of Terms

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company may have had against the named insured, those who succeed to the interest of such insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. The term "insured" also includes (i) the owner of the indebtedness secured by the insured mortgage and each successor in ownership of such indebtedness (reserving, however, all rights and defenses as to any such successor who acquires the indebtedness by operation of law as described in the first sentence of this subparagraph (a) that the Company would have had against the successor's transferor), and further includes (ii) any governmental agency or instrumentality which is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing said indebtedness, or any part thereof, whether named as an insured herein or not, and (iii) the parties designated in paragraph 2(a) of these Conditions and Stipulations.

(b) "insured claimant": an insured claiming loss or damage hereunder.

(c) "insured lender": the owner of an insured mortgage.

(d) "insured mortgage": a mortgage shown in Schedule B, the owner of which is named as an insured in Schedule A.

(e) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(f) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any area excluded by Paragraph No. 6 of Part I of Schedule B of this Policy.

(g) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(h) "public records": those records which by law impart constructive notice of matters relating to the land.

### 2. (a) Continuation of Insurance after Acquisition of Title by Insured Lender

If this policy insures the owner of the indebtedness secured by the insured mortgage, this policy shall continue in force as of Date of Policy in favor of such insured who acquires all or any part of the estate or interest in the land described in Schedule A by foreclosure, trustee's sale, conveyance in lieu of foreclosure, or other legal manner which discharges the lien of the insured mortgage, and if such insured is a corporation, its transferee of the estate or interest so acquired, provided the transferee is the parent or wholly owned subsidiary of such insured; and in favor of any governmental agency or instrumentality which acquires all or any part of the estate or interest pursuant to a contract of insurance or guaranty insuring or guaranteeing the indebtedness secured by the insured mortgage. After any such acquisition the amount of insurance hereunder, exclusive of costs, attorneys' fees and expenses which the Company may be obligated to pay, shall not exceed the least of:

- (i) the amount of insurance stated in Schedule A;
- (ii) the amount of the unpaid principal of the indebtedness plus interest thereon, as determined under paragraph 6(a)(iii) hereof, expenses of foreclosure and amounts advanced to protect the lien of the insured mortgage and secured by said insured mortgage at the time of acquisition of such estate or interest in the land; or
- (iii) the amount paid by any governmental agency or instrumentality, if such agency or instrumentality is the insured claimant, in acquisition of such estate or interest in satisfaction of its insurance contract or guaranty.

### (b) Continuation of Insurance after Conveyance of Title

The coverage of this policy shall continue in force as of Date of Policy, in favor of an insured so long as such insured retains an estate or interest in the land, or owns an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in

favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

### 3. Defense and Prosecution of Actions — Notice of Claim to be Given by an Insured Claimant

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in litigation to the extent that such litigation involves an alleged defect, lien, encumbrance or other matter insured against by this policy.

(b) The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest or the lien of the insured mortgage, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest or the lien of the insured mortgage, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured; and the Company may take any appropriate action, whether or not it shall be liable under the terms of this policy, and shall not thereby concede liability or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company, at the Company's expense, all reasonable aid (i) in any such action or proceeding in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and (ii) in any other act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest or the lien of the insured mortgage, as insured, including but not limited to executing corrective or other documents.

### 4. Proof of Loss or Damage — Limitation of Action

In addition to the notices required under Paragraph 3(b) of these Conditions and Stipulations, a proof of loss or damage, signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain or determine the facts giving rise to such loss or damage. Such proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage, and, when appropriate, state the basis of calculating the amount of such loss or damage.

Should such proof of loss or damage fail to state facts sufficient to enable the Company to determine its liability hereunder, insured claimant, at the written request of Company, shall furnish such additional information as may reasonably be necessary to make such determination.

No right of action shall accrue to insured claimant until 30 days after such proof of loss or damage shall have been furnished.

Failure to furnish such proof of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.



## SCHEDULE A

LOAN NO.

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

DATE OF POLICY: November 3, 2010 at 3:00 P.M.

AMOUNT OF INSURANCE: \$240,000.00

1. Name of Insured:

Rincon Ranch Estates Water Co., Inc., an Arizona corporation

2. The estate or interest in the land described herein and which is covered by this policy is:

FEE

3. Title to the estate or interest in the land is vested in:

City of Tucson, a municipal corporation

4. The land referred to in this policy is situated in the State of Arizona, County of Pima, and is described as follows:

See Exhibit A attached hereto and made a part hereof.

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

Exhibit A

**PARCEL 1:**

All those portions of Lots 11 and 12 of RINCON RANCH ESTATES NO. 1, a subdivision on record in the office of the County Recorder of Pima County, Arizona , in Book 8 of Maps and Plats, at page 8 thereof, more particularly described as follows:

Commencing at the Northerly return of a 167.60 foot radius curve, at the Southwest corner of Lot 13;

Run thence, North 00°09'00" East, along the Westerly line of Lots 13 and 12, 746.82 feet to the TRUE POINT OF BEGINNING ;

Run thence, North 00°09'00" East, along the Westerly line of Lots 12 and 11, 148.21 feet;

Thence North 85°38'00" East, 475.61 feet;

Thence South 07°49'00" West, 100.00 feet;

Thence South 85°38'00" West, 75.00 feet;

Thence South 04°22'00" West, 50.00 feet;

Thence South 85°38'00" West, 391.18 feet to the TRUE POINT OF BEGINNING .

Jv arbs: 120 and 130

**PARCEL 2:**

All that portion of the Northeast quarter of the Southwest quarter of Section 30, Township 14 South, Range 16 East, Gila and Salt River Meridian, Pima County, Arizona , more particularly described as follows:

Commencing at the West quarter corner of said Section 30;

Run thence South 00°07'00" West along the West line of said Southwest quarter of Section 30, a distance of 1213.91 feet to the centerline of Pantano Trail;

Thence North 69°49'00" East, along said centerline, a distance of 500.00 feet to a point;

Thence North 55°55'30" East along said centerline, a distance of 1009.95 feet to a point;

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

Thence North  $72^{\circ}55'00''$  East along said centerline, a distance of 730.45 feet to the TRUE POINT OF BEGINNING ;

Run thence North  $39^{\circ}20'45''$  East along said centerline, a distance of 94.80 feet to a point;

Thence North  $88^{\circ}02'20''$  East, a distance of 53.18 feet to a point;

Thence South  $13^{\circ}55'00''$  East, a distance of 170.69 feet to a point;

Run thence South  $76^{\circ}05'00''$  West, a distance of 128.00 feet to a point;

Thence North  $13^{\circ}55'00''$  West, a distance of 125.00 feet to the TRUE POINT OF BEGINNING .

Jv arb: 166

## SCHEDULE B

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

This policy does not insure against loss or damage, nor against costs, attorneys' fees or expenses, any or all of which arise by reason of the following:

### PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.
6. Any right, title, interest, estate or easement in land beyond the lines of the area specifically described or referred to in Schedule A, or in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing in this paragraph shall modify or limit the extent to which the ordinary right of an abutting owner for access to a physically open street or highway is insured by this policy.
7. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of the violation of any of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
8. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser of value without knowledge.

**SCHEDULE B**  
**PART I (CONTINUED)**

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

9. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
10. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws.

## SCHEDULE B

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

### PART II

1. Taxes and assessments collectible by the County Treasurer not yet due and payable for the year 2011.
1. Any action by the County Assessor and/or Treasurer, altering the current or prior tax assessment, subsequent to the date of the Policy of Title Insurance.
2. Water rights, claims or title to water, and agreements, covenants, conditions or rights incident thereto, whether or not shown by the public records.

This exception is not limited by reason of the disclosure of any matter relating to Water Rights as may be set forth elsewhere in Schedule B.

3. Reservations or exceptions in Patent from the United States of America recorded in Book 180 of Deeds, page 309. (Parcel 1)
4. Easements, restrictions, reservations and conditions as set forth on the recorded plat of said subdivision recorded in Book 8 of Maps and Plats at page 8. (Parcel 1)
5. Right to prospect for, mine and remove same pursuant to the limitations and provisions of December 29, 1916 (39 Stat. 862) recorded in Book 180 of Deeds, page 309. (Parcel 1)
6. Easements for utilities as reserved in Instruments recorded in Book 103 of Miscellaneous Records at page 463 and re-recorded in Book 103 of Miscellaneous Records at page 517 and in Docket 37 at page 243. (Parcel 1)
7. Easement for natural gas lines and rights incident thereto, as set forth in instrument recorded in Docket 1877, page 592. (Parcel 1)
8. Terms and conditions of easement for ingress and egress recorded in Docket 11163, page 3443. (Parcel 1)
9. Terms and conditions of Easement for water pipeline recorded in Docket 11163, page 3450. (Parcel 1)
10. Reservations or exceptions in Patent from the State of Arizona recorded in Docket 971, page 401. (Parcel 2)
11. Right to prospect for, mine and remove same pursuant to the limitations and provisions of December 29, 1916 (39 Stat. 862) recorded in Docket 971, page 401. (Parcel 2)
12. Terms and conditions of Easement for water line recorded in Docket 428, page 124. (Parcel 2)

## SCHEDULE B

### PART II (Continued)

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

13. Easement for telephone and telegraph lines and rights incident thereto, as set forth in instrument recorded in Docket 1015, page 280. (Parcel 2)
14. Easement for ingress and egress and rights incident thereto, as set forth in instrument recorded in Docket 2177, page 236. (Parcel 2)
15. Easement for ingress, egress and utilities and rights incident thereto, as set forth in instrument recorded in Docket 2753, page 166. (Parcel 2)
16. Easement for road and utilities and rights incident thereto, as set forth in instrument recorded in Docket 3577, page 421. (Parcel 2)
17. Terms and conditions of Grant of Easement for ingress, egress and utilities recorded in Docket 3681, page 195. (Parcel 2)
18. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 3726, page 585. (Parcel 2)
19. Terms and conditions of Grant of Easement for ingress, egress and utilities recorded in Docket 3726, page 594. (Parcel 2)
20. Provisions within Resolution No. 1988-241 authorizing Franchise for Rincon Ranch Estates Water Company recorded in Docket 8433, page 576. (Parcel 2)
21. Terms and conditions of Road Maintenance Agreement recorded in Docket 9366, page 1795 and in Docket 9559, page 286. (Parcel 2)
22. Restrictions, Conditions, Covenants, Reservations, including but not limited to any recitals creating easements, liabilities, obligations or party walls, omitting, if any, from the above, any restrictions based on race, color, religion, sex, handicap, familial status or national origin contained in instrument recorded in Docket 10432, page 1016 and in Docket 10432, page 1024. (Parcel 2)
23. Terms and conditions of Grant of Easement for water lines recorded in Docket 11055, page 1078. (Parcel 2)
24. Terms and conditions of Pima County Public Utility License Agreement recorded in Docket 13076, page 1952. (Parcel 2)

## SCHEDULE B

### PART II (Continued)

ORDER NO.: 10007642

POLICY NO.: AOJP-1301-158759

25. Deed of Trust given to secure the original amount of \$240,000.00, and any other amounts payable under the terms thereof, dated October 26, 2010, recorded November 3, 2010 in Docket 13928, Page 2019, City of Tucson, a municipal corporation, as Trustor, Stewart Title and Trust of Tucson, an Arizona corporation, as Trustee, and Rincon Ranch Estates Water Co., Inc., an Arizona corporation, as Beneficiary.

NOTE: Except as shown herein, no Leases, VEMUR'S; DEUR'S; Environmental Liens, or activity and use limitations, if any, were found currently recorded against the property as searched at the Pima County Records Office.



#### 5. Options to Pay or Otherwise Settle Claims and Options to Purchase Indebtedness

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against, or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment by the insured claimant and authorized by the Company. In case loss or damage is claimed under this policy by the owner of the indebtedness secured by the insured mortgage, the Company shall have the further option to purchase such indebtedness for the amount owing thereon together with all costs, attorneys' fees and expenses which the Company is obligated hereunder to pay. If the Company offers to purchase said indebtedness as herein provided, the owner of such indebtedness shall transfer and assign said indebtedness and the mortgage and any collateral securing the same to the Company upon payment therefor as herein provided. Upon such offer being made by the Company, all liability and obligations of the Company hereunder to the owner of the indebtedness secured by said insured mortgage, other than the obligation to purchase said indebtedness pursuant to this paragraph, are terminated.

#### 6. Determination and Payment of Loss

(a) The liability of the Company under this policy shall in no case exceed the least of:

- (i) the actual loss of the insured claimant; or
- (ii) the amount of insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in paragraph 2(a) hereof; or

(iii) if this policy insures the owner of the indebtedness secured by the insured mortgage, and provided said owner is the insured claimant, the amount of the unpaid principal of said indebtedness, plus interest thereon, provided such amount shall not include any additional principal indebtedness created subsequent to Date of Policy, except as to amounts advanced to protect the lien of the insured mortgage and secured thereby.

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When the amount of loss or damage has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

#### 7. Limitation of Liability

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, or the lien of the insured mortgage, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily admitted or assumed by an insured without prior written consent of the Company.

#### 8. Reduction of Insurance; Termination of Liability

All payments under this policy, except payment made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto; provided, however, if the owner of the indebtedness secured by the insured mortgage is an insured hereunder, then such payments, prior to the acquisition of title to said estate or interest as provided in paragraph 2(a) of these Conditions and Stipulations, shall not reduce pro tanto the amount of the insurance afforded hereunder as to any such insured, except to the extent that such payments reduce the amount of the indebtedness secured by such mortgage.

Payment in full by any person or voluntary satisfaction or release of the insured mortgage shall terminate all liability of the Company to an insured owner of the indebtedness secured by the insured mortgage, except as provided in paragraph 2(a) hereof.

#### 9. Liability Noncumulative

It is expressly understood that the amount of insurance under this policy, as to the insured owner of the estate or interest covered by this policy, shall be reduced by any amount the Company may pay under any policy insuring (a) a mortgage shown or referred to in Schedule B hereof which is a lien on the estate or interest covered by this policy, or (b) a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy. The Company shall have the option to apply to the payment of any such mortgage any amount that otherwise would be payable hereunder to the insured owner of the estate or interest covered by this policy and the amount so paid shall be deemed a payment under this policy to said insured owner.

The provisions of this paragraph 9 shall not apply to an owner of the indebtedness secured by the insured mortgage, unless such insured acquires title to said estate or interest in satisfaction of said indebtedness or any part thereof.

#### 10. Subrogation Upon Payment or Settlement

Whenever the Company shall have paid or settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant, except that the owner of the indebtedness secured by the insured mortgage may release or substitute the personal liability of any debtor or guarantor, or extend or otherwise modify the terms of payment, or release a portion of the estate or interest from the lien of the insured mortgage, or release any collateral security for the indebtedness, provided such act occurs prior to receipt by such insured of notice of any claim of title or interest adverse to the title to the estate or interest or the priority of the lien of the insured mortgage and does not result in any loss of priority of the lien of the insured mortgage. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and the Company is hereby authorized and empowered to sue, compromise or settle in its name or in the name of the insured to the full extent of the loss sustained by the Company. If requested by the Company, the insured shall execute any and all documents to evidence the within subrogation. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss, but such subrogation shall be in subordination to an insured mortgage. If loss should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall as to such insured claimant be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

#### 11. Liability Limited to this Policy

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the lien of the insured mortgage or of the title to the estate or interest covered hereby, or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

#### 12. Notices, Where Sent

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P. O. Box 2029, Houston, Texas 77252, and identify this policy by its printed POLICY SERIAL NUMBER which appears on the bottom of the front of the first page of this policy.

13. THE CHARGE SPECIFIED IN SCHEDULE A IS THE ENTIRE CHARGE FOR TITLE SEARCH, TITLE EXAMINATION AND TITLE INSURANCE.

 **stewart**  
title guaranty company



ESTABLISHED 1893

INCORPORATED 1908

A NAME

RECOGNIZED NATIONALLY  
AS BEING  
SYNONYMOUS WITH  
**QUALITY**

 **stewart**  
title guaranty company



 **stewart**  
title guaranty company



P. O. Box 2029  
Houston, Texas 77252

**POLICY  
OF  
TITLE  
INSURANCE**

ARIZONA DEPARTMENT OF WATER RESOURCES  
WATER MANAGEMENT DIVISION

3550 North Central Avenue, Phoenix, Arizona 85012  
Phone (602) 771-8585 Fax (602) 771-8688

Service Area Right Relinquishment Notice

Active Management Area: Tucson

I (we) Rincon Ranch Estates Water Co., Inc.

hereby permanently relinquish Service Area Right No. 56- 56-000184.0000, which is  
currently associated with the following well(s):

Well Registration Number(s) 55- 620951 55- 620952 55- \_\_\_\_\_ 55- \_\_\_\_\_

(List additional wells on separate page if necessary). I (we) further understand that water may be  
withdrawn from these wells only pursuant to another groundwater right, a withdrawal permit, or a  
recovery well permit, or if the wells qualify as exempt wells pursuant to A.R.S. § 45-454. I (We)  
understand that all rights and interests associated with said service area right will also be permanently  
relinquished.

I (we) further do hereby certify, under penalty of perjury, that the current status of the well(s) listed above  
is as stated on the attached page (Attachment A, Well Status Update form)

\*\*\*\*\*

STATE OF ARIZONA

Right Holder(s) or Authorized Agent(s)

County of: Pima

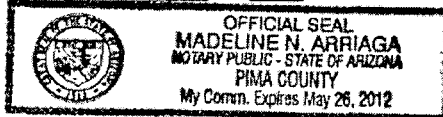
Dale R. Calvert President  
Signature and Title Dale R. Calvert

Subscribed and sworn before me

this 1 day of November, 2010.

Signature and Title

SEAL



Signature and Title

Madeline N. Arriaga  
Notary Public

Signature and Title

My commission expires: May 26, 2012

### Attachment A – Well Status Update form

#### Definitions:

- A *non-exempt well* is one equipped with a pump with a maximum capacity of more than 35 gallons per minute. Water withdrawn from a non-exempt well in an Active Management Area must be pursuant to a groundwater right or withdrawal permit or a recovery well permit.
- An *exempt well* is one equipped with a pump with a maximum capacity of 35 gallons per minute or less, and meets all requirements of A.R.S. § 45-454. If the well is to be converted from non-exempt to exempt, please also file DWR Form 55-71a, *Request to Change Well Information*, and provide documentation of pumping capacity of the well.
- *Abandonment* involves permanently filling or sealing a well to prevent the vertical movement of water. Abandonment must be performed by a driller licensed by the Arizona Department of Water Resources.
- *Capping* involves installing a temper-resistant, watertight steel plate of at least ¼ inch thickness on the top of all inside and outside casings of a well.

Well Registration Number	Indicate status: Exempt, Non-exempt, Abandoned, Capped, Other (explain)	List other rights/permits to be used in association with well, if non-exempt:	Explanation
55-620951	Non Exempt		
55-620952	Non Exempt		
55-			
55-			
55-			

## SURVEY ADJUSTMENT

In the event that the land survey of Well Site No \_\_\_\_\_ (the Well Site Parcel) discloses that existing improvements related to water production or storage are not located 100% within the legal surveyed boundary of the parcel and the City of Tucson desires to utilize the water production or storage facility within the next 3 years, the following provisions shall apply: Said survey of the Well Site Parcel shall be completed on or before ~~January~~ <sup>March</sup> 1, 2011. *AME DLE*

(1) The City shall provide Rincon Ranch Estates Water Company, Inc. (Rincon Ranch) or its agent Dale Calvert written notice of the legal survey and the location of the water production or storage facility that is discovered to be outside the legal boundaries of the Well Site Parcel together with a request for expansion of the parcel to include the existing water production or storage facility detailing the amount of additional property required to include the existing facilities.

(2) Rincon Ranch shall have 30 days from receipt of the written notice to acquire the additional property by fee simple or by adverse possession and deliver title to the City of Tucson.

(3) In the event Rincon is unable to deliver fee simple or adverse possession title to the additional property, the next installment payment due to be made by the City of Tucson to Rincon Ranch shall be reduced by the sum of \$2 per square foot for the number of square feet in the property on which the water storage or production facility was located that was determined to be outside the boundaries of the Well Site Parcel.

Dated this 2<sup>nd</sup> day of November 2010

Agreed upon by

Rincon Ranch Estates Water Company, Inc.  
An Arizona corporation

City of Tucson  
An Arizona municipal corporation

By *Dale R Calvert*  
Its President

By *Christina*  
Its authorized signatory

State of Arizona            )  
  )ss  
County of Pima            )

Subscribed and sworn to before me the undersigned Notary Public on this \_\_\_\_ day of November, 2010.

By \_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_



Arizona Department of Water Resources  
Water Management Support Section  
P.O. Box 33589 Phoenix, Arizona 85067-3589  
(602) 771-8500 • (800) 352-8488  
www.azwater.gov

## Request to Change Well Information

- ❖ Review instructions prior to completing form in black or blue ink.
  - ❖ You must include with your Notice:
    - check or money order for any required fee(s)
  - ❖ Authority for fee: A.A.C. R12-15-151(B)(4)(a), A.R.S. § 45-113(B)
- \*\* PLEASE PRINT CLEARLY \*\***

FILE NUMBER

WELL REGISTRATION NUMBER

55 - 620951

### SECTION 1: REGISTRY INFORMATION

<b>Well Owner</b>		<b>Location of Well</b>					
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL		WELL LOCATION ADDRESS (IF ANY)					
MAILING ADDRESS		TOWNSHIP (N/S)	RANGE (E/W)	SECTION	160 ACRE	40 ACRE	10 ACRE
CITY / STATE / ZIP CODE		LATITUDE			LONGITUDE		
CONTACT PERSON NAME AND TITLE		Degrees    Minutes    Seconds    "N			Degrees    Minutes    Seconds    "W		
TELEPHONE NUMBER		METHOD OF LATITUDE/LONGITUDE (CHECK ONE)			*GPS: Hand-Held		
FAX		<input type="checkbox"/> USGS Quad Map <input type="checkbox"/> Conventional Survey <input type="checkbox"/> *GPS: Survey-Grade			*IF GPS WAS USED, GEOGRAPHIC COORDINATE DATUM (CHECK ONE)		
		<input type="checkbox"/> NAD-83 <input type="checkbox"/> Other (please specify):					
		COUNTY ASSESSOR'S PARCEL ID NUMBER			COUNTY WHERE WELL IS LOCATED		
		BOOK	MAP	PARCEL			

### Type of Request (CHECK ONE)

- ☐ Change of Well Drilling Contractor (Fill out Section 2)    ☐ Change of Well Ownership (Fill out Section 3)    ☐ Change of Well Information (location, use, etc.) (Fill out Section 4)

### SECTION 2: REQUEST TO CHANGE WELL DRILLING CONTRACTOR (\$10 Fee Required)

\$10 FEE

- If drilling or abandoning a well, the Department must receive this request and issue authorization to the new drilling firm prior to the commencement of well drilling or abandonment.

<b>Current Well Drilling Contractor</b>		<b>New Well Drilling Contractor</b>	
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL		FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL	
DWR LICENSE NUMBER		DWR LICENSE NUMBER	ROC LICENSE CATEGORY
TELEPHONE NUMBER	FAX	TELEPHONE NUMBER	FAX

### SECTION 3: STATEMENT OF CHANGE OF WELL OWNERSHIP (\$10 Fee Required)

\$10 FEE

- If this change pertains to more than one well and the names are the same, only one \$10 fee is required.

<b>Previous Well Owner</b>		<b>New Well Owner</b>	
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL		FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL	
Rincon Ranch Estates Water Co., Inc		City of Tucson	
MAILING ADDRESS		MAILING ADDRESS	
9420 E Golf Links Rd		201 N Stone, 6th Floor	
CITY / STATE / ZIP CODE		CITY / STATE / ZIP CODE	
Tucson, AZ 85730		Tucson, AZ 85701	
CONTACT PERSON NAME AND TITLE		CONTACT PERSON NAME AND TITLE	
Dale Calvert, President		Ralph Marra, Administrator	
TELEPHONE NUMBER	FAX	TELEPHONE NUMBER	FAX
(520) 298-0173		(520) 837-2215	

### SECTION 4: CHANGE OF WELL INFORMATION (No Fee Required)

NO FEE

NOTE: Applies only to wells that have already been drilled. For proposed wells, an amended Notice of Intent to Drill a Well must be filed.  
EXPLAIN

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief.

TYPE OR PRINT NAME AND TITLE

SIGNATURE OF WELL OWNER

DATE

Dale P. Calvert

11/2/10



Arizona Department of Water Resources  
Water Management Support Section  
P.O. Box 33589 Phoenix, Arizona 85067-3589  
(602) 771-8500 • (800) 352-8488  
www.azwater.gov

## Request to Change Well Information

- ❖ Review instructions prior to completing form in black or blue ink.
  - ❖ You must include with your Notice:
    - check or money order for any required fee(s)
  - ❖ Authority for fee: A.A.C. R12-15-151(B)(4)(a), A.R.S. § 45-113(B)
- \*\* PLEASE PRINT CLEARLY \*\***

FILE NUMBER

WELL REGISTRATION NUMBER

**55 - 620952**

SECTION 1: REGISTRY INFORMATION						
<b>Well Owner</b>			<b>Location of Well</b>			
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL			WELL LOCATION ADDRESS (IF ANY)			
MAILING ADDRESS			TOWNSHIP (N/S)	RANGE (E/W)	SECTION	160 ACRE ¼
CITY / STATE / ZIP CODE			LATITUDE		40 ACRE ¼	
CONTACT PERSON NAME AND TITLE			LONGITUDE		10 ACRE ¼	
TELEPHONE NUMBER			METHOD OF LATITUDE/LONGITUDE (CHECK ONE)		*GPS: Hand-Held	
FAX			*USGS Quad Map		*GPS: Survey-Grade	
			*IF GPS WAS USED, GEOGRAPHIC COORDINATE DATUM (CHECK ONE)			
			*NAD-83		Other (please specify):	
			COUNTY ASSESSOR'S PARCEL ID NUMBER		COUNTY WHERE WELL IS LOCATED	
			BOOK		MAP	
			PARCEL			

Type of Request (CHECK ONE)		
<input type="checkbox"/> Change of Well Drilling Contractor (Fill out Section 2)	<input type="checkbox"/> Change of Well Ownership (Fill out Section 3)	<input type="checkbox"/> Change of Well Information (location, use, etc.) (Fill out Section 4)

### SECTION 2: REQUEST TO CHANGE WELL DRILLING CONTRACTOR (\$10 Fee Required)

**\$10 FEE**

- ♦ If drilling or abandoning a well, the Department must receive this request and issue authorization to the new drilling firm prior to the commencement of well drilling or abandonment.

Current Well Drilling Contractor		New Well Drilling Contractor	
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL		FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL	
DWR LICENSE NUMBER		DWR LICENSE NUMBER	ROC LICENSE CATEGORY
TELEPHONE NUMBER	FAX	TELEPHONE NUMBER	FAX

### SECTION 3: STATEMENT OF CHANGE OF WELL OWNERSHIP (\$10 Fee Required)

**\$10 FEE**

- ♦ If this change pertains to more than one well and the names are the same, only one \$10 fee is required.

Previous Well Owner		New Well Owner	
FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL		FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL	
Rincon Ranch Estates Water Co., Inc		City of Tucson	
MAILING ADDRESS		MAILING ADDRESS	
9420 E Golf Links Rd		201 N Stone Ave, 6th Floor	
CITY / STATE / ZIP CODE		CITY / STATE / ZIP CODE	
Tucson, AZ 85730		Tucson, AZ 85701	
CONTACT PERSON NAME AND TITLE		CONTACT PERSON NAME AND TITLE	
Dale Calvert, President		Ralph Marra, Administrator	
TELEPHONE NUMBER	FAX	TELEPHONE NUMBER	FAX
(520) 298-0173		(520) 837-2215	

### SECTION 4: CHANGE OF WELL INFORMATION (No Fee Required)

**NO FEE**

**NOTE:** Applies only to wells that have already been drilled. For proposed wells, an amended Notice of Intent to Drill a Well must be filed.

EXPLAIN

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief.	
TYPE OR PRINT NAME AND TITLE	SIGNATURE OF WELL OWNER
	<i>Dale Calvert</i>
	DATE
	11/2/10

STEWART TITLE & TRUST OF TUCSON  
ESCROW #10007642 KM

OWNER'S HOMEOWNERS ASSOCIATION STATEMENT

RE: SUBDIVISION: Rincon Ranch Estates No. 1  
PROPERTY ADDRESS: Parcel #136-11-021G and Parcel #205-62-132A  
CITY/STATE: [ TUCSON, AZ ]

THIS STATEMENT IS TO CERTIFY THAT:

(x) To the best of my knowledge, the Homeowners Association on the above referenced property is inactive or there has never been one and I/we have never been invoiced for an assessment.

or

( ) The Homeowners Association is active. Dues in the amount of  
\$ \_\_\_\_\_ per ( ) Month ( ) Year are paid current.

Paul R. Calvert



# Rincon Ranch Estates Water Co., Inc.

9420 E. Golf Links Road  
PMB 322  
TUCSON, AZ 85730  
-----  
Voice (520) 298-0173

November 9, 2010

Carla Naylor  
Arizona Blue Stake  
Phoenix, AZ

Re: Rincon Ranch Estates Water Company, Inc.

Dear Ms. Naylor:

As we discussed on the telephone earlier effective November 2, 2010 we have sold our water system and service area to the City of Tucson. It is my understanding that you are routing new Blue Stake claims to them.

As you requested I have enclosed a copy of the Bill of Sale for the personal property and the Warranty Deed for the real estate. I assume this will fulfill your need for documentation.

Please let me know if you need anything further to close out our account.

Sincerely,



Dale R. Calvert  
President

ESCROW NO.: 10007642-036-KM

## BILL OF SALE

STATE OF ARIZONA  
COUNTY OF Pima

} SS:

Rincon Ranch Estates Water Co., Inc., an Arizona corporation ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby transfer, convey, SELL, ASSIGN and DELIVER unto City of Tucson, a municipal corporation ("Buyer"), all of Seller's right, title and interest in and to the personal property described on Exhibit B hereto (the "Assets"):

Seller represents and warrants to Buyer that Seller has title to and holds the entire interest in the Personal Property and that the Personal Property is hereby transferred free and clear of all liens and encumbrances.

**SELLER WARRANTS THAT THE ASSETS ARE DELIVERED FREE AND CLEAR OF ANY LIENS, CLAIMS OR OTHER ENCUMBRANCES.**

SELLER expressly disclaims any and all implied warranties, including any warranty concerning whether the goods are MERCHANTABLE or fit for any particular purpose. This Sale is "AS IS", "WHERE IS", AND WITHOUT ANY RECOURSE, REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, except as expressly stated above.

Executed at Tucson, Arizona, effective for all purposes as of the \_\_\_\_\_.

Rincon Ranch Estates Water Co., Inc

By: Dale Calvert  
Dale Calvert, President

STATE OF ARIZONA  
COUNTY OF Pima

} SS:

This instrument was acknowledged before me on the \_\_\_\_\_, by Dale Calvert, President of Rincon Ranch Estates Water Co., Inc.

\_\_\_\_\_  
Notary Public

My commission will expire:

**Bill of Sale**  
**Exhibit B – Assets**

All personal property utility assets of Rincon Ranch Estates Water located in our service area bounded by Houghton Road, Escalante Road Spanish Trail/Freeman Road and the Golf Links alignment including:

All assets at our Houghton Road well site including

1. 8 inch cased well
2. 12 inch cased well
3. Submersible well pumps in each well
4. Two Booster pumps
5. Tank
6. Electrical panel and pump control system
7. Various piping to connect to the water system including valves and meters
8. Wooden shed
9. Fence

All assets at our Pantano Trail Booster site including:

1. 100,000 gallon storage tank
2. 8,000 gallon storage tank
3. 3,000 gallon pressure tank
4. Electrical panel and pump controls
5. Two booster pumps
6. Various piping to connect to the water system including valves
7. Metal storage building
8. Fence

All of our water distribution system including:

1. Approximately 16,000 feet of 2" galvanized steel pipe
2. Approximately 3,000 feet of 3" PVC pipe
3. Approximately 6,900 feet of 4" PVC pipe
4. Approximately 18,000 feet of 6" A/C pipe
5. Approximately 490 feet of 8" A/C pipe
6. Approximately 15,200 feet of 6" PVC pipe
7. Approximately 1,800 feet of 8" PVC pipe
8. Approximately 1,000 feet of 6" Iron pipe
9. Approximately 250 water service lines and connections
10. Approximately 250 water meters
11. Various valves, blowoffs, etc as reflected on water system maps

RECORDING REQUESTED BY  
Stewart Title & Trust of Tucson  
AND WHEN RECORDED MAIL TO:  
CITY OF TUCSON  
ATTN: DOROTHY WEIDEMAN  
201 N STONE AVE, 6TH FL  
TUCSON, AZ 85701

ESCROW NO.: 10007642 - 036 - KM

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Exempt A-3

### Warranty Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,

Rincon Ranch Estates Water Co., Inc, an Arizona corporation who acquired title as Rincon Ranch Estates Water Company, an Arizona corporation as to Parcel 1; and Rincon Ranch Estates Water Co., an Arizona corporation as to Parcel 2

do/does hereby convey to

City of Tucson, a municipal corporation

the following real property situated in Pima County, ARIZONA:

See Exhibit A attached hereto and made a part hereof.

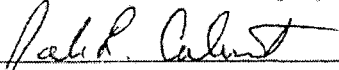
SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

And I or we do warrant the title against all persons whomsoever, subject to the matters set forth above.

Dated \_\_\_\_\_

#### SELLER:

Rincon Ranch Estates Water Company, Inc



Dale R Calvert, President

State of ARIZONA

County of Pima

} SS

This instrument was acknowledged before me this \_\_\_\_\_ by Dale R Calvert, President of  
Rincon Ranch Estates Water Co., Inc

\_\_\_\_\_  
Notary Public

My commission will expire \_\_\_\_\_

**Exhibit A**

**PARCEL 1:**

All those portions of Lots 11 and 12 of RINCON RANCH ESTATES NO. 1, a subdivision on record in the office of the County Recorder of Pima County, Arizona, in Book 8 of Maps and Plats, at page 8 thereof, more particularly described as follows:

Commencing at the Northerly return of a 167.60 foot radius curve, at the Southwest corner of Lot 13;

Run thence, North 00°09'00" East, along the Westerly line of Lots 13 and 12, 746.82 feet to the TRUE POINT OF BEGINNING ;

Run thence, North 00°09'00" East, along the Westerly line of Lots 12 and 11, 148.21 feet;

Thence North 85°38'00" East, 475.61 feet;

Thence South 07°49'00" West, 100.00 feet;

Thence South 85°38'00" West, 75.00 feet;

Thence South 04°22'00" West, 50.00 feet;

Thence South 85°38'00" West, 391.18 feet to the TRUE POINT OF BEGINNING .

Jv arbs: 120 and 130

**PARCEL 2:**

All that portion of the Northeast quarter of the Southwest quarter of Section 30, Township 14 South, Range 16 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

Commencing at the West quarter corner of said Section 30;

Run thence South 00°07'00" West along the West line of said Southwest quarter of Section 30, a distance of 1213.91 feet to the centerline of Pantano Trail;

Thence North 69°49'00" East, along said centerline, a distance of 500.00 feet to a point;

Thence North 55°55'30" East along said centerline, a distance of 1009.95 feet to a point;

Thence North 72°55'00" East along said centerline, a distance of 730.45 feet to the TRUE POINT OF BEGINNING ;

Run thence North 39°20'45" East along said centerline, a distance of 94.80 feet to a point;

Thence North 88°02'20" East, a distance of 53.18 feet to a point;

Thence South 13°55'00" East, a distance of 170.69 feet to a point;

Run thence South 76°05'00" West, a distance of 128.00 feet to a point;

Thence North 13°55'00" West, a distance of 125.00 feet to the TRUE POINT OF BEGINNING .

Jv arb: 166

## ESCROW INSTRUCTIONS ADDENDUM/SUPPLEMENT

### To PURCHASE CONTRACT

Date:

Escrow No.:

**TAXES:** Seller warrants that as of this date of closing there are no monies due for personal property taxes. Any unpaid Personal Property Taxes, prior to 11/2/10 are to be paid by Seller outside of escrow. Personal Property Taxes, as of 11/2/10 shall be paid by Buyer outside of escrow.

All taxes or other obligations incurred by Seller prior to the close of escrow, if any, shall remain the sole obligation of Seller and shall be paid promptly when due unless otherwise specified. Seller further agrees to indemnify and hold harmless buyer against said taxes or obligations.

**PRORATIONS:** Buyer and Seller instruct Stewart Title & Trust of Tucson, that the transfer and/or prorations of ALL utilities, rent, cam charges, insurance premiums, etc., if any, shall be handled direct and outside of escrow.

**UCC LIEN and JUDGMENT SEARCH:** Buyer and Seller hereby acknowledge that a UCC lien and judgment search was done prior to close of escrow. Seller hereby indemnifies and holds harmless Buyer against any liens and judgments and any action or causes of action that may result from said liens and judgments, if any, and any additional UCC lien which may attach or be perfected prior to closing.

**SELLER GOOD STANDING:** Seller warrants that Rincon Ranch Estates Water, Company, INC. duly organized, validly existing, and in good standing under the laws of the State of Arizona.

**BUSINESS LICENSE:** Buyer and Seller acknowledge and agree that upon close of escrow, Seller is terminating its existing business license and Buyer is responsible for immediately obtaining a new business license. In both cases, Buyer and Seller acknowledge that this will be handled direct and outside of escrow.

**REGISTRATION AND DISCLOSURE:** Buyer and Seller hereby warrant that they have complied with all federal and state regulations regarding registration and disclosure and that escrow agent had no responsibility for same and hereby relive escrow agent of any responsibility and/or liability for compliance with any applicable registration or disclosure requirements.

**TRANSFER OR ASSIGNMENTS:** Transfer or assignment of any licenses, tradenames, insurance policies, titles or franchises, if applicable to this transaction, shall be handled direct and outside of escrow.

**ESCROW FEES:** All parties agree to pay all escrow fees and charges, including any additional fees and charges for extraordinary services, which fees and charges, unless otherwise provided in writing, shall be paid one half by the Buyer and one half by the Seller.

**TITLE INSURANCE:** Buyer and Seller acknowledge that there is no title insurance available for the personal property business portion of this transaction.

**RIGHT TO SEEK LEGAL AND FINANCIAL ADVISE:** By signing below, each of us acknowledge and warrant that we have not received any legal or financial advice from Stewart Title & Trust of Tucson, or its employees with regard to the subject matter of this escrow, any contracts previously entered into, or as the legal effect of any documents which are a part of the closing. We understand that each of us has the right to obtain such advice from professionals of our own choosing prior to closing, and acknowledge that we have either obtained such advice or have elected not to do so.

It is understood that Escrow agent will not be liable to the Buyer or any other party on account of any property included hereunder which is subject to any conditional sale or lease contracts, or other form of lease, contract or agreement, Chattel Mortgage, or security agreement, on or account of liens of any kind of nature whatsoever, or other defects in title which may exist with respect to any such property.

**AUTHORIZATION TO CLOSE:** by signing below, we authorize and instruct Stewart Title & Trust of Tucson to close, record and disburse this transaction.

**COUNTERPART SIGNATURES:** As a convenience to the parties, these instructions, as well as any other closing documents, may be signed in counterpart. Faxed signatures may be accepted where notarized originals are not required.

**DEPOSIT AND DISBURSEMENT:** All money payable hereunder shall be paid to the Escrow Agent, which, upon receipt thereof, shall deposit such funds in an Arizona bank, in a General Escrow Account, from which all disbursement shall be made by check of Escrow Agent. Escrow Agent shall be under no obligation to disburse any funds by check or draft, and no check or draft shall be payment to Escrow Agent in compliance with any of the requirements hereof, until Escrow Agent is advised by the bank in which deposited that such check or draft has been honored.

**ESCROW LIABILITY:** The parties hereto will indemnify and hold harmless Escrow Agent against all costs, damages, attorney's fees, expenses and liabilities which it may incur or sustain in connection with the use of information and instructions given Escrow Agent, or the sufficiency and accuracy of the Settlement Statement as a complete settlement between parties, or any court action arising therefrom, and will pay the same upon demand.

NOTE: There shall be some matters which Stewart Title & Trust of Tucson does not attempt to investigate or determine and for which it assumes no liability. While not a complete list, experience has shown that among these, the following deserve your particular consideration:

- A. Current Personal property Taxes, if applicable.
- B. Utility Charges, such as electric, gas, telephone, water, and sewer and/or irrigation.
- C. Premiums for fire Insurance Policies (It is the parties obligation to determine that coverage is sufficient, that the premiums are paid, and that such policies are in effect).

**MECHANIC'S LIEN:** No work or materials have been commenced, completed or delivered within one hundred and fifty (150) days prior to the close of this transaction. The undersigned Seller(s) states that any and all monies due for said work or materials shall be handled outside of escrow by the undersigned Seller(s). Furthermore, the undersigned hereby holds Stewart Title & Trust of Tucson, harmless from any matter arising from said work or

materials. In order to close this transaction, Stewart Title & Trust of Tucson has relied upon this statement.

WE DO HEREBY APPROVE the Settlement Statement as true and correct. We hereby approve any variance in the terms of the transaction from those originally provided in Escrow Instructions, or preliminary sales agreement.

**CERTIFICATE OF OCCUPANCY:** Buyer and Seller agree escrow agent has no responsibility for obtaining or determining whether or not a certificate of occupancy exists for the leased premises and hereby release escrow agent for all obligations and liability in connection with the certificate of occupancy.

**ALLOCATION:** Seller and Buyer understand and agree that any and all matters relative to the completion and filing of IRS form 8594, the purchase price allocation, shall be direct and outside of escrow.

**DIRECTION TO CLOSE:** Buyer and Seller hereby warrant and agree that any and all contingencies of that certain Purchase Contract dated January 30, 2010 and amendments have been met, waived or approved. Escrow agent is instructed to proceed with the close of escrow and is released of any responsibility in connection with satisfaction of any contingency.

We have each read the foregoing.

**Buyer:**  
City of Tucson



Alexander N. Elder  
Deputy Director

**Seller:**  
Rincon Ranch Estates Water Company, Inc.



Dale Calvert, President



**NOTE SECURED BY DEED OF TRUST  
(INDIVIDUAL)**

\$ 240,000.00

Tucson, Arizona

October 26, 2010

FOR VALUE RECEIVED, the undersigned jointly and severally, promise to pay to Rincon Ranch Estates Water Co., Inc., an Arizona corporation or order, at Tucson, Arizona, the principal sum of Two Hundred Forty Thousand and no/100 DOLLARS payable as follows:

Payable in annual installments, principal only of \$60,000.00 or more, on or before the 2nd of November every year, beginning November 2, 2011 and continuing until November 2, 2015 on which day the unpaid balance shall become due and payable in full.

Principal and any interest payable in lawful money of the United States of America.

If default occurs in the payment of any installment of principal or interest under this Note when due, or in the performance of any agreements contained in the Deed of Trust securing this Note, the entire principal sum and any accrued interest shall at once become due and payable, without notice, at the option of the holder of this Note. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of any subsequent default.

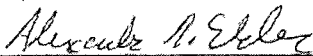
The undersigned jointly and severally agree to pay the following costs, expenses and attorney's fees paid or incurred by the holder of this Note, or adjudged by a court: (1) reasonable costs of collection, costs and expenses and attorney's fees paid or incurred in connection with the collection of this Note, whether or not suit is filed, and (2) costs of suit and such sum as the court may adjudge as attorney's fees in any action to enforce payment of this Note or any part of it.

This Note is secured by a Deed of Trust to **Stewart Title & Trust of Tucson**, as Trustee, of even date herewith, executed in favor of the named payee as beneficiary.

The undersigned jointly and severally waive presentment, notice of dishonor, notice of protest, demand and diligence.

**PAYOR**

City of Tucson



Alexander N. Elder, Deputy Director

**DO NOT DESTROY THIS NOTE**

Do Not Destroy this Original Note: When paid, this Original Note together with the Deed of Trust securing same, must be surrendered to Trustee for Cancellation and retention before reconveyance will be made.

notain

RECORDING REQUESTED BY  
Stewart Title & Trust of Tucson  
AND WHEN RECORDED MAIL TO:  
RINCON RANCH ESTATES WATER CO.,  
INC  
ATTN: DALE CALVERT  
3750 S OLD SPANISH TRAIL  
TUCSON, AZ 85730-5638

ESCROW NO.: 10007642 - 036 - KM

SPACE ABOVE THIS LINE FOR RECORDER'S USE

## DEED OF TRUST AND ASSIGNMENT OF RENTS

Date: October 26, 2010

**TRUSTOR:**

City of Tucson, a municipal corporation

whose mailing address is Attn: Dorothy Weideman 201 N Stone Ave, 6th Fl, Tucson, AZ 85701

**TRUSTEE:**

Stewart Title & Trust of Tucson, an Arizona corporation

whose mailing address is: 3939 E. Broadway Blvd., Tucson, Arizona 85711

**BENEFICIARY:**

Rincon Ranch Estates Water Co., Inc, an Arizona corporation

whose mailing address is:

Attn: Dale Calvert 3750 S Old Spanish Trail, Tucson, AZ 85730-5638

Property situated in the County of Pima, State of ARIZONA, as described as follows:

See Exhibit A attached hereto and made a part hereof.

Together with all buildings, improvements and fixtures thereon or hereinafter erected thereon.

Street address if any, or identifiable location of this property:

Parcel #136-11-021G & 205-62-132A, Tucson, AZ

**THIS DEED OF TRUST**, made on the above date by, between and among the TRUSTOR, TRUSTEE and BENEFICIARY above named.

**WITNESSETH:** That Trustor hereby irrevocably grants, conveys, transfers and assigns to the Trustee in Trust, with Power of Sale, the above described real property (the Trust Property), together with leases, issues, profits, or income therefrom (all of which are hereinafter called "property income"): **SUBJECT**, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such property income.

**SUBJECT TO:** Current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

Initials: AAE \_\_\_\_\_

Initials: \_\_\_\_\_

**FOR THE PURPOSE OF SECURING:**

- A. Payment of the indebtedness in the principal sum of \$240,000.00 evidenced by a Promissory Note or Notes of even date herewith, and any extension or renewal thereof, executed by Trustor in favor of Beneficiary or order.
- B. Payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a Promissory Note or Notes reciting that they are secured by a Deed of Trust.
- C. Performance of each agreement of Trustor herein contained.
- D. Should the Trustor herein sell, convey, transfer or assign all of any portion of their interest in subject property, the entire remaining principal balance of the note secured hereby, together with interest due hereon shall immediately be due and payable in full.

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:**

1. To keep said property in good condition and repair; not to remove or demolish any building, thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violations of law; and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. To provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary and Trustee, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

4. To pay, at least 10 days before delinquent, all taxes and assessments affecting said property; when due, all encumbrances, charges, and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Partial Release and Partial Reconveyance or Deed of Release and full Reconveyance, and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay his reasonable fees.

5. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Deed of Trust or at the legal rate if it secures a contract or contracts other than a promissory note or notes. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or immediately due and payable at option of Beneficiary or Trustee.

**IT IS MUTUALLY AGREED:**

6. That any award of damages in connection with any condemnation or any such taking, or for injury to the property by reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto the Trustor, however, the right to sue therefor and the ownership thereof subject to this Deed of Trust), and upon receipt of such moneys Beneficiary may hold the same as such further

security, or apply or release the same in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

7. That time is of the essence of this Deed of Trust, and that by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

8. That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and said note(s) for endorsement, and without liability therefor, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making and recording, or either, of any map or plat of the property or any part thereof; (c) join in granting any easement thereon; (d) join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance, or charge hereof.

9. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said note(s) to Trustee for cancellation, and upon payment of its fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

10. That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such property income, including that past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

11. That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of election to cause to be sold said property under this Deed of Trust. Beneficiary also shall deposit with Trustee this Deed of Trust, said note(s), and all documents evidencing expenditures secured hereby.

Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law, subject to the statutory rights of reinstatement, the Trustee shall sell, in the manner required by law, said property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, Payable at time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale and reasonable attorney's fees, Trustee shall apply the proceeds of sale to payment of all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. 33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any balance due hereunder.

In the alternative to foreclosure by trustees sale, the Beneficiary may foreclose by judicial proceedings, and in such event, the election to declare the unpaid balance immediately due and payable may be made in the complaint. In such judicial proceedings, Beneficiary shall be entitled to reasonable Attorney's fees, costs of foreclosure report, and all sums advanced with interest as provided paragraphs four (4) and five (5) herein.

12. That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

The undersigned Trustor requests that a copy of any notice of Trustee's sale hereunder be mailed to him at his address hereinbefore set forth.

Trustor

Trustor

City of Tucson

Alexander N. Elder

Alexander N. Elder, Deputy Director

State of ARIZONA

} ss

County of Pima

This instrument was acknowledged before me this \_\_\_\_\_ by Alexander N. Elder, Deputy Director of the City of Tucson.

\_\_\_\_\_  
Notary Public

My commission will expire \_\_\_\_\_

**Exhibit A**

**PARCEL 1:**

All those portions of Lots 11 and 12 of RINCON RANCH ESTATES NO. 1, a subdivision on record in the office of the County Recorder of Pima County, Arizona , in Book 8 of Maps and Plats, at page 8 thereof, more particularly described as follows:

Commencing at the Northerly return of a 167.60 foot radius curve, at the Southwest corner of Lot 13;

Run thence, North 00°09'00" East, along the Westerly line of Lots 13 and 12, 746.82 feet to the TRUE POINT OF BEGINNING ;

Run thence, North 00°09'00" East, along the Westerly line of Lots 12 and 11, 148.21 feet;

Thence North 85°38'00" East, 475.61 feet;

Thence South 07°49'00" West, 100.00 feet;

Thence South 85°38'00" West, 75.00 feet;

Thence South 04°22'00" West, 50.00 feet;

Thence South 85°38'00" West, 391.18 feet to the TRUE POINT OF BEGINNING .

Jv arbs: 120 and 130

**PARCEL 2:**

All that portion of the Northeast quarter of the Southwest quarter of Section 30, Township 14 South, Range 16 East, Gila and Salt River Meridian, Pima County, Arizona , more particularly described as follows:

Commencing at the West quarter corner of said Section 30;

Run thence South 00°07'00" West along the West line of said Southwest quarter of Section 30, a distance of 1213.91 feet to the centerline of Pantano Trail;

Thence North 69°49'00" East, along said centerline, a distance of 500.00 feet to a point;

Thence North 55°55'30" East along said centerline, a distance of 1009.95 feet to a point;

Thence North 72°55'00" East along said centerline, a distance of 730.45 feet to the TRUE POINT OF BEGINNING ;

Run thence North 39°20'45" East along said centerline, a distance of 94.80 feet to a point;

Thence North 88°02'20" East, a distance of 53.18 feet to a point;

Thence South 13°55'00" East, a distance of 170.69 feet to a point;

Run thence South 76°05'00" West, a distance of 128.00 feet to a point;

Thence North 13°55'00" West, a distance of 125.00 feet to the TRUE POINT OF BEGINNING .

Jv arb: 166

**ESCROW EMPLOYMENT AGREEMENT/  
ADDENDUM TO PURCHASE CONTRACT  
TERMS AND CONDITIONS OF ESCROW**

**PLEASE SIGN AND RETURN**

Escrow No.: 10007642 - 036 - KM

1. Escrow Agent is hereby authorized to pay from funds deposited into escrow for said purpose all amounts necessary to procure documents and all other charges and obligations necessary to consummate this transaction. Seller and Buyer grant Escrow Agent a lien on all property and funds deposited in escrow. Seller and Buyer authorize Escrow Agent to reimburse itself for its charges and for all damages or expenses it may incur in connection with the escrow and the performance of Escrow Agent's duties, including costs, damages and attorney's fees. Escrow Agent may charge a "Special Services Fee" of \$125.00, not to exceed twice the Basic Escrow Rate, for additional work deemed by Escrow Agent to be above and beyond that typically required in a normal escrow transaction. This work may include, but is not limited to, research needed to procure loan or lien releases, after hours or out of office closing services, additional documentation or correspondence, cancelled and/or rescheduled appointments, or work provided on transactions which cancel. Escrow Agent is authorized to pay said charge(s) from Buyer's or Seller's funds (as applicable) at close of escrow, or to deduct same from funds held in escrow upon cancellation.
2. Escrow Agent is hereby authorized to act upon any statement furnished to Escrow Agent by a lien holder or his agent, without liability or responsibility for the accuracy of such statement. In the event the lender or lien holder demands additional funds after the close of escrow, Seller agrees to deposit with Escrow Agent any additional funds necessary to comply with the lender/lien holder's instructions upon receipt of same from Escrow Agent. Seller acknowledges that any payment in full to a lender must be received by the lender on or before a specific date to avoid further interest accrual; and Seller hereby instructs Escrow Agent to forward payoff funds to the lender by express service of Escrow Agent's choice and to charge Seller any fees for express delivery at close of escrow.
3. Any fees, costs or assessments which are the responsibility of the parties herein pursuant to the purchase contract, listing agreement, lenders instructions, homeowners association, tax authority or other vendor in this transaction shall be paid by the responsible party and Escrow Agent is instructed to pay same at close of escrow. In the event any costs or fees are unpaid at or after close of escrow the party responsible for said cost agrees to pay it promptly upon notification of same.
4. Possession of the property, transfer of utilities or subscribed services, and collection of cancellation premiums from the Seller's fire or hazard insurance policy shall be handled by the parties direct and outside of escrow, and Escrow Agent shall have no responsibility with regard thereto.
5. Proration of real property taxes shall be based upon the last available tax statement from the taxing authority.
6. All escrows shall be subject to a \$100.00 annual dormant account fee which shall be assessed in the event of no activity or unresolved conflict between the principals.
7. Escrow Agent may resign upon written notice to Seller and Buyer. If such right to resign is exercised by Escrow Agent, all funds, less Escrow Agent's charges, and all documents shall be returned by Escrow Agent to the party who deposited them into escrow and Escrow Agent shall have no liability hereunder.

8. Any litigation, arbitration or mediation arising out of this transaction in which Escrow Agent is named as a party shall be filed and maintained in the county in which the office of the Escrow Agent handling this transaction is located. In the event of any litigation or arbitration which relates to the duties or actions of Escrow Agent, including any action seeking a declaration of the rights or obligations of any party to this Escrow, the prevailing party or parties in such litigation or arbitration proceeding shall be awarded, in addition to any other available remedy, all expenses, fees and costs, including expert witness fees, and all reasonable attorney's fees shall be determined by the court or arbitrator, and not by a jury, in a separate proceeding.
9. Seller represents that no IRS withholding of proceeds is required under the Foreign Investment in Real Property Tax Act (FIRPTA), or that if said withholding is required that Buyer and Escrow Agent have been notified of same. Buyer acknowledges Seller's representation and Buyer and Seller hereby relieve Escrow Agent and its employees of any and all liability and/or responsibility regarding said withholding requirement.
10. All of the terms and conditions of the Contract and Receipt for Deposit remain the same. However, Seller and Buyer hereby agree that all notices required to be delivered to any party to the contract or to Escrow Agent pursuant to the parties contract shall be mailed or delivered to all parties and to Escrow Agent in order to constitute notice under the contract.
11. NOTICE OF RIGHT TO EARN INTEREST ON DEPOSITED FUNDS: Interest may be earned on all deposited funds by requesting the Escrow Officer at Stewart Title & Trust of Tucson, 7225 N. Oracle Rd, Suite 105, Tucson, AZ 85704, Phone: (520) 575-0365, who is handling your transaction to place the escrowed funds into an interest bearing account. THE ESCROW AGENT'S CHARGE to set up such an account is \$25.00. Your funds will earn interest at the prevailing rate of interest paid by the federally insured financial institution where your funds would be deposited. For example, a \$1,000.00 deposit for 30 days at a prevailing rate of 2.8% per annum would earn approximately \$2.10.
12. NOTICE OF UNINSURED MONIES PURSUANT TO ARS 6-841.03: MONIES DEPOSITED IN AN ESCROW ACCOUNT ARE NOT INSURED AGAINST LOSS FROM FRAUD OR THEFT BY THE STATE OF ARIZONA OR THE UNITED STATES GOVERNMENT. This disclosure requirement applies to each Buyer and Seller of a Residential Dwelling. Section 6.841.02 defines "Residential Dwelling" as an owner occupied structure or an investment property that is designated for Residential use by four or fewer families.
13. Escrow Fees shall be paid one-half (1/2) by the Buyer(s) and one-half (1/2) by the Seller(s) unless specified differently in the Purchase Contract, HOWEVER, the concurrent loan escrow fee of \$75.00 for any financing or equity credit lines shall be paid by the Buyer, if applicable, unless specified differently in the Purchase Contract.
14. In accordance with ARS 6-841.02, if the Buyer(s) or Seller(s) shall deem it necessary, upon request Stewart Title & Trust of Tucson shall issue a Closing Protection Letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent.
15. In the event Escrow Agent is instructed to make disbursements not directly related to closing the escrow, conveying title or closing a loan, Escrow Agent may charge a "Special Services Fee" as described in paragraph one (1), for this additional service. Disbursements for which this fee is charged include, but are not limited to; repair bills or reimbursements to third parties, payoff of credit accounts or loans which do not encumber the property, additional proceeds checks or assignments of proceeds to two or more parties.
16. Seller and Buyer agree that at such time as Seller and Buyer deposit into escrow the executed documents, an executed copy of the Settlement Statement and the funds sufficient to close the transaction, Escrow Agent is authorized to close the escrow. By depositing the above referenced documentation, the following matters shall be deemed to be satisfied, waived, met or agreed to without further instructions from Seller and Buyer and Seller and Buyer further agree to indemnify, defend, and hold Escrow Agent harmless from, for, and against any and all claims by any persons, including Seller and Buyer, as to the following matters:



Escrow No.: 10007642 - 036 - KM

- A. All items to be prorated have been submitted to Escrow Agent.
- B. All repairs, inspections, contingencies, and/or conditions have been completed, met, waived, or satisfied.
- C. Buyer has received and reviewed the Commitment for Title Insurance issued by Stewart Title & Trust of Tucson and Buyer approves and accepts all matters as set forth therein.
- D. Escrow Agent shall not record before the closing date as set forth in the contract.

Dated: October 26, 2010

**BUYER:**

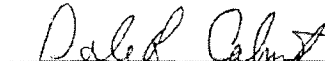
City of Tucson



Alexander N. Elder, Deputy Director

**SELLER:**

Rincon Ranch Estates Water Company, Inc



Dale R. Calvert, President



October 26, 2010

Escrow #10007642

Parcels #136-11-021G and 205-62-132A

Buyer: City of Tucson, a municipal corporation

Seller: Rincon Ranch Estates Water Co., Inc.


RE: Road Maintenance Agreement recorded in Docket 9366 Page 1795 and Docket 9559 Page 286

Seller hereby declares that there are no assessments or monies owed for the above referenced Road Maintenance Agreement. Seller further declares that at no time have they ever received any invoices or billings from any person or entity associated with said agreement regarding said assessments.

Buyer and seller hereby acknowledge and understand that Stewart Title and Trust of Tucson shall be held harmless from any and all liability regarding the payment of said assessments.

Rincon Ranch Estates Water Co., Inc.

City of Tucson, a municipal corporation

  
\_\_\_\_\_  
Dale Calvert, President


  
\_\_\_\_\_  
Alexander N. Elder, Deputy Director

## EASEMENT TRANSFER AND ASSIGNMENT

Rincon Ranch Estates Water Company, Inc., an Arizona corporation, (hereinafter "Grantor") does hereby transfer and assign all rights title and interest of any kind or nature whatsoever in any easement, right of entry, or other entitlement that is recorded in the Office of the Pima County Recorder, or has been obtained through Grantor's prescriptive rights, for the use or benefit of Grantor; such easements may include rights of ingress, egress and for installing, operating, maintaining, replacing or repairing water utility facilities, and are hereby transferred and assigned to the City of Tucson, an Arizona municipal corporation.

Grantor:  
Rincon Ranch Estates Water Company, Inc  
An Arizona corporation

Grantee:  
City of Tucson  
An Arizona municipal corporation

By   
Its President

By   
Its authorized signatory

State of Arizona            )  
                                      )ss  
County of Pima            )

Subscribed and sworn to before me the undersigned Notary Public on this \_\_\_\_ day of November, 2010.

By \_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



## PROCEEDS AUTHORIZATION

November 2, 2010

Escrow No.: 10007642 - 036 - KM  
Seller: Rincon Ranch Estates Water Co., Inc  
Property Address: Parcel #136-11-021G & 205-62-132A  
Tucson, AZ

I/We hereby authorize Stewart Title & Trust of Tucson to disburse our proceeds under the above referenced escrow as follows (choose one):

- ☐ Hold for pick up
- ☐ Authorize check to be picked up by: \_\_\_\_\_
- ☐ Mail to: \_\_\_\_\_
- ☐ Overnight Delivery to: \_\_\_\_\_  
(A \$20.00 fee will be charged for overnight delivery.)
- ☐ Transfer funds to purchase escrow with: \_\_\_\_\_  
Attn: \_\_\_\_\_ Phone No. \_\_\_\_\_
- ☐ Deposit check to: ☐ Checking ☐ Savings Account No. \_\_\_\_\_  
Bank Name: \_\_\_\_\_ ☐ Deposit slip attached
- ☒ Wire Transfer Funds to: (Bank Name) COMPASS  
Address: \_\_\_\_\_  
ABA/Routing No.: \_\_\_\_\_ Account No.: 0010106300  
Checking ☒ Savings ☐ Name on Account: RINCON RANCH ESTATES WATER CO. INC.  
**(IF FUNDS ARE WIRED, A FEE OF \$25.00 SHALL BE ASSESSED)**
- ☐ Special Instructions: \_\_\_\_\_

MAILING ADDRESS AFTER CLOSE OF ESCROW: \_\_\_\_\_

Phone No.: : \_\_\_\_\_

### SELLER:

Rincon Ranch Estates Water Company, Inc

Dale R. Calvert  
Dale R Calvert, President

**STEWART TITLE & TRUST OF TUCSON**7225 N. Oracle Rd, Suite 105, Tucson, AZ 85704  
(520) 575-0365**SELLERS ESTIMATED CLOSING STATEMENT**

Seller: Rincon Ranch Estates Water Co., Inc

Escrow No: 10007642-036 KM

Close Date: 11/02/2010

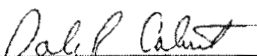
Proration Date: 11/02/2010

Date Prepared: 11/02/2010

Property: Parcel #136-11-021G & 205-62-132A  
Tucson, AZ

Description	Debit	Credit
Total Consideration		300,000.00
<b>NEW AND EXISTING ENCUMBRANCES:</b>		
Seller Carryback from Rincon Ranch Estates Water Co., Inc.	240,000.00	
<b>ESCROW AND TITLE CHARGES:</b>		
Escrow Fee to Stewart Title & Trust of Tucson	299.50	
Owners Policy \$300,000.00 to Stewart Title & Trust of Tucson	597.50	
Special Services Fee to Stewart Title & Trust of Tucson	62.50	
<b>RECORDING FEES:</b>		
Recording Fees to Stewart Title & Trust of Tucson	25.00	
<b>ADDITIONAL CHARGES:</b>		
2010 Property Taxes 12611021G to Pima County Treasurer	13.16	
2010 Property Taxes 20562132A to Pima County Treasurer	10.06	
Weir Transfers to AZ Dept of Water Resources	240.00	
UCC Search to Capitol Corporate Services	80.00	
2010 Property Taxes to Pima County Treasurer	4,321.47	
2010 Property Taxes to Pima County Treasurer	4,108.69	
<b>PRORATIONS AND ADJUSTMENTS:</b>		
County Taxes From 11/02/10 To 12/31/10		3.75
Based on the Annual amount of \$23.22		
Taxes From 11/02/10 To 12/31/10		698.54
Based on the Annual amount of \$4,321.47		
Taxes From 11/02/10 To 12/31/10		664.14
Based on the Annual amount of \$4,108.69		
Sub Totals	249,757.88	301,366.43
Proceeds Due Seller	51,608.55	
Totals	\$301,366.43	\$301,366.43

Rincon Ranch Estates Water Company, Inc

  
Dale R. Calvert, President